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MEETING OF THE COUNCIL OF PROVINCIAL ENERGY MINISTERS (CPEM)

The Viability of the Sarnia-Montréal Pipeline

Québec's Position

Québec

August 24 (a.m.), 1987
ST. JOHN'S, Newfoundland

THE VIABILITY OF THE SARNIA-MONTRÉAL PIPELINE

QUEBEC'S POSITION

HIGHLIGHTS

The Sarnia-Montréal pipeline is essential to Canada's energy security since it gives eastern Canada direct access to western oil and hydrocarbon resources. This pipeline's basic purpose is now in jeopardy as a result of the expected decline in production of light Canadian crude. This development will threaten the availability of product, first for Québec, then for Ontario.

Instead of taking the draconian step of reversing the pipeline to supply Ontario with imported oil, thus cutting off eastern Canada's access to western Canadian hydrocarbons, Québec feels that the situation presents an opportunity to consolidate and even improve Canada's crude oil transportation infrastructure.

CONSOLIDATION OF THE SARNIA-MONTRÉAL PIPELINE

The Sarnia-Montréal pipeline would be the weakest link in the transportation infrastructure in the event of reduced availability of western Canadian crude. Corrective measures should be taken without delay to increase its flexibility in transporting different kinds of raw materials. Additionnaly to the light crude currently piped to Montréal, the pipeline could carry:

- greater quantities of heavy oil (a study done by Econosult shows that Montréal's refineries can easily process more than 60 000 barrels of this type of oil a day);
- semi-finished product, as Petro-Canada is currently doing between Clarkson and Pointe-aux-Trembles;
- natural gas liquids (NGL), as proposed in the Soligaz project.

IMPROVEMENT OF THE CANADIAN CRUDE OIL TRANSPORTATION INFRASTRUCTURE

Ontario could be supplied with the imported oil it is likely to require by 2005 by linking the Interprovincial pipeline with the American pipeline system between the Gulf of Mexico and Sarnia. This would add another component to eastern Canada's crude oil transportation infrastructure.

The Econosult study demonstrated that this solution is technically viable. Throughout the period under consideration, available capacity in the US pipeline network will be sufficient to meet Ontario's needs for imported oil.

This option is also economically preferable to the reversal of the Sarnia-Montréal pipeline since it boasts a transmission cost advantage of at least 0,65¢ per barrel over the period considered.

Ministère de l'Énergie et des Ressources du Québec (Secteur Énergie)

1987-08-07

Energy security in Canada

Report to the ministers

Two papers were submitted to the working group on oil transportation issues. The Government of Canada's discussion paper on the Sarnia-Montreal pipeline concluded that there is a great deal of uncertainty about the longer-term commercial future of the line. While it appears that the line will continue in commercial use over the next three to five years, future trends in oil prices, supply and demand will determine wether a west-to-east flow into Montréal can be maintained into the 1990's.

The Government of Québec's discussion papers shows for its part that the Sarnia-Montréal pipeline is an essential element of energy security in Canada because of the direct access it gives Eastern Canada to Western Canada resources. This paper suggests that measures should be adopted in the near future in order to give the Sarnia-Montréal section a greater flexibility as to the kind of energy resources it can transport. Furthermore studies show that it also technically feasible and economically preferable to assure Ontario additionnal security of supply with the complementary element of a link to the U.S. transcontinental pipeline system.